

# M&A Market Analysis

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### April 2009 GLOBAL M&A MONTHLY

#### Global M&A Commentary and Deal Statistics

For the first three months of 2009, the number of announced deals decreased 25.9% (largest decline since Q3 2001), and dollar volume dropped 28.8% to \$286.8 billion. Dollar volume in this period included two major pharmaceutical deals (Pfizer/Wyeth and Merck/Schering-Plough), which represented \$109.1 billion, or nearly 40% of total volume in Q1. Excluding these deals, Q1 dollar volume would have been down 55.9%.

#### U.S. M&A Commentary and Deal Statistics

Through the first quarter of 2009, the number of U.S. M&A deals totaled 1,600, a 40.2% decline from Q1 2008. Dollar volume was up 9.8% to \$159.9 billion, but the two large pharmaceutical deals contributed \$109.1 billion to this total. Excluding these deals, dollar volume would have been down 65.1%.

#### Europe M&A Commentary and Deal Statistics

In the first quarter, there were 2,261 announced European M&A transactions, representing a 25.9% decrease from Q1 2008 (matching the global change). Dollar volume declined 75.1% to \$42.7 billion.

#### U.K. Cross-Border M&A Activity

A total of 494 U.K. M&A transactions were announced in Q1, a 49.5% decline compared to the prior-year period. Dollar volume decreased 79.5% to \$13.0 billion. Domestic M&A represented 56% of total year-to-date deal activity.

#### Germany Cross-Border M&A Activity

In Q1, there were 292 announced German M&A transactions, a 29.1% decrease compared to the first quarter of 2008. Dollar volume was up 84.6% to \$15.1 billion due to RWE AG's \$12.4 billion acquisition of Essent N.V. Domestic M&A represented 42.8% of total year-to-date deal activity.

#### Asia (ex. Japan) Commentary and Deal Statistics

M&A activity continued to hold up much better in Asia than in other regions of the world in March. During the month, the number of Asia M&A deals dipped 3.3%, and dollar volume fell 35.6%. Double-digit declines in China (deal count -11.9%) and India (-26.7%) outweighed modest increases in other parts of the region.

#### China M&A Activity and Deal Statistics

In Q1, there were 480 announced China M&A deals, a 26.0% drop from Q1 2008. Dollar volume declined 44.3% to \$16.1 billion. China domestic M&A accounted for 74.0% of year-to-date deal activity.

#### India M&A Activity and Deal Statistics

A total of 134 India M&A transactions were announced in Q1, a 30.6% drop from the year-ago period. India M&A dollar volume decreased 80.6% to \$2.2 billion. Domestic M&A activity remained most prominent, representing 75.4% of the year-to-date deal count.

#### Economic Commentary

Long-term trends in the stock market continue to move lower, the economy is still in recession, and risks remain elevated, suggesting that strategic investors should retain a defensive stance with respect to their portfolio allocations. The debt bubble that was a generation in the making and has been the root cause of much of the recent turmoil has only begun to be relieved. The actions of the Federal Reserve and the Treasury Department have bought the system time, but they have done little to resolve the underlying debt problem.

#### Restructuring News

The meteoric rise in the Baird CDS Index paused last month, decreasing by 7.2% from 1703.8 on February 28 to 1580.5 on March 31. This broke a string of nine consecutive monthly increases and eight consecutive monthly record highs.

#### Transaction Spotlight – Revenue Cycle Solutions' Acquisition of Cash Retriever Systems

Revenue Cycle Solutions, Inc. recently acquired Cash Retriever Systems, Inc. The transaction was announced in January 2009. Terms of the transaction were not disclosed.

#### Recent Baird M&A Transactions

A summary of Baird's announced M&A Transactions over the past 12 months.

#### Baird U.S. Equity Research Coverage

In March 2009, there were 26 upward and 106 downward adjustments to current-year earnings estimates (generally calendar-year 2009). There were 30 upward and 85 downward revisions to forward-year (generally calendar-year 2010) earnings estimates.

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